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State Superintendent of Public Instruction

CALIFORNIA
DEPARTMENT
OF
EDUCATION

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July 2, 2003

Dear County Superintendents of Schools, County Auditors, and County Treasurers:

2002-2003 Second Principal Apportionment

Early in July, county treasurers will receive a warrant that reflects state aid for programs included in the 2002-2003 Second Principal Apportionment for elementary, high, and unified school districts, charter schools and county offices of education. SBX1 18 (Chapter 4, First Extraordinary Session, Statutes of 2003) deferred the Second Principal Apportionment payment from June 2003 to July 2003 and continues this process in future years. The 2002-2003 Second Principal Apportionment statewide equals \$20,399,849,881.

Enclosed are exhibits that provide the Second Principal Apportionment and prior-year corrections detail. An exhibit is distributed for a particular local educational agency (LEA) only if the exhibit is relevant to that LEA's funding. Please note that exhibits for the Special Education Apportionment will not be mailed, but can be obtained on the Special Education Web site at www.cde.ca.gov/fiscal/special_ed/.

Also enclosed is a summary of the method by which the 2002-2003 Second Principal Apportionment was calculated, a list of the exhibits, and a list of the staff of the School Fiscal Services Division to assist you if you have questions regarding the apportionment.

For your convenience, a copy of this letter and many exhibits are available on the California Department of Education's Web site at www.cde.ca.gov/fiscal/principal_app/.

Note to county superintendents: Please advise districts and charter schools of this apportionment as soon as possible by providing them a copy of this letter and of the applicable exhibits.

If you have any questions, please contact the Office of Principal Apportionment and Audit Resolution at (916) 324-4541.

Sincerely,

GAVIN PAYNE
Chief Deputy Superintendent of Public Instruction

GP:sk
Enclosures

Calculations to Determine the 2002-2003 Second Principal Apportionment

Elementary School (K-4) Intensive Reading. 2002-2003 P-2 hours for kindergarten and grades 1 to 4 pupil attendance in this program were used. The maximum number of funded hours for local educational agencies was calculated by multiplying 120 hours by ten (10) percent of the October 2001 CBEDS grades K-4 enrollment, reduced by block grant funded charter enrollment. Due to insufficient funding appropriated for the program in the 2002 Budget Act (Chapter 379, Statutes of 2002), a deficit factor of 0.850467504 was applied to the funding for districts with prior year CBEDS enrollment that was greater than or equal to 500.

Community Day School. 2002-2003 P-2 ADA for community day schools was used. Schools with newly approved small school waivers will receive the amount for one certificated teacher displayed on the Schedule F funding table for necessary small schools. SBX1 18 reduced the funding appropriated for the program in the 2002 Budget Act. As a result, a deficit factor of 0.832265 was applied to the funding for 5th and 6th hours (for pupils other than mandatory expelled), the approved small school waiver funding (for pupils other than mandatory expelled), and the funding for 7th and 8th hours.

Charter School Categorical Block Grant. 2002-2003 P-2 ADA and educationally disadvantaged pupil counts for charter schools were used. Due to insufficient funding appropriated for the program in the 2002 Budget Act, a deficit factor of 0.8965018 was applied to the total categorical block grant funding.

School District

The average daily attendance (ADA) reported on the *School District Attendance Data Collection* software was used to calculate this apportionment. Revenue limits were increased by the 2002-2003 COLA of 2.0 percent.

PERS Reduction. The restoration factor, which reduced the adjustment for the revenue limit in the 2001-2002 fiscal year, was not applied for the 2002-2003 Apportionment.

Continuation Schools. 2001-2002 P-2 ADA for continuation schools and classes was multiplied by \$12.97 (dollar amount of 2002-2003 COLA) and added to the 2001-2002 Annual amounts. Newly approved continuation schools for 2002-2003 were also included in the calculation.

Beginning Teacher Salary.

BTS #1 The 2001-2002 per ADA amount was increased by the 2002-2003 COLA (2.0 percent), and then multiplied by the applicable 2001-2002 P-2 ADA. Pursuant to statute, the same calculation was performed separately for ROC/P ADA. The two totals were combined and added to the district's revenue limit.

BTS #2 Funding for districts that chose option one was computed by multiplying 2002-2003 P-2 ADA by a rate of \$6.35, (initial rate of \$6.23 plus a 2.0 percent COLA). The rate for districts that chose option two was determined by dividing the November 2002 apportionment by the 2001-2002 P-2 ADA. This rate was then increased by the 2.0 percent COLA and multiplied by 2002-2003 P-2 ADA. The same calculations were performed separately for ROC/P ADA. Adult and Block Grant funded charter school ADA were excluded in all calculations.

Apprentice Program. The lesser of the 2002-2003 apprentice hours or the 2002-2003 capped apprentice hours was multiplied by the hourly rate of \$4.86.

Supplemental Instruction. 2002-2003 P-2 hours for core and remedial supplemental instructional programs were used. The number of funded hours for local educational agencies for core supplemental instruction was calculated by multiplying seven (7) percent of October 2001 CBEDS K-12 enrollment by 120 hours. The number of funded hours for grades 2 through 6 pupils identified as having a deficiency in mathematics, reading, or written expression based on STAR scores or identified as at risk of retention pursuant to *Education Code* Section 48070.5 was calculated by multiplying five (5) percent of October 2001 CBEDS grades 2-6 enrollment, reduced by direct funded charter school enrollment.

Intensive Algebra Instruction. 2002-2003 P-2 hours for grades 7 and 8 pupil attendance in this program were used. The maximum number of funded hours for local educational agencies was calculated by multiplying 120 hours by six (6) percent of the October 2001 CBEDS grades 7-8 enrollment, reduced by direct funded charter school enrollment.

County Office of Education

The 2002-2003 P-2 ADA reported on the *County Logon Supplement* software was used to calculate this apportionment. Revenue limits were increased by the 2002-2003 COLA of 2.0 percent. Special Education revenue limit funds transferred from districts to county offices reflect a separate amount generated by NPS/LCI ADA. This amount will be paid to the county offices through the principal apportionment and deducted from the NPS/LCI special education entitlement.

Charter Schools

The 2002-2003 P-2 ADA reported on the *School District Attendance Data Collection* and *County Logon Supplement* software was used to calculate this apportionment. In addition, the ADA was adjusted for charter schools that received a determination of funding from the State Board of Education. The apportionment for charter schools was computed using two funding models – the district or county office revenue limit model and the block grant model. Exhibit I provides the computation for a school district in which all schools have been converted to charter schools pursuant to *Education Code* Section 47606 that is funded through the district revenue limit model. There is no special exhibit for charter schools funded through the county office revenue limit; the funding for these charter schools is included in the county office Form O. Exhibits N-1 and N-2 provide the computation for charter schools that are funded through the block grant funding model.

Funding information for direct funded block grant charter schools is provided on the Exhibit C and a detail funding summary for locally funded block grant charter schools is provided on the Exhibit C-CH. The funding amounts on the Exhibit C-CH are already included with, and not in addition to, the district totals on the Exhibit C.

Exhibit D-CH provides the detail for adjustments to prior years for direct funded block grant charter schools; for locally funded block grant schools, the adjustments are included in the detail of the charter school's sponsoring or authorizing local education agency on Exhibit D. Funding entitlements

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change, in general, to reflect revised ADA or updated tax information. Only those charters with prior year changes ("corrections") are displayed.

The apportionment also includes funding adjustments to charter schools that have received overpayments of state aid in current and prior years due to one or more changes in the block grant rates, ADA, or local revenue. The overpaid amounts are displayed on the Exhibit C and Exhibit C-CH. The overpayment is a liability owed to the State and, for most charter schools, will be collected through the apportionment process in the 2003-04 fiscal year. In some cases, an invoice will be sent directly to the charter school.

The general purpose (block grant) amounts per ADA are based on statewide average revenue limits for the applicable grade levels. These amounts are calculated at each apportionment, and the 2002-03 Second Principal Apportionment amounts are as follows:

Grades K-3	\$4,512	Grades 4-6	\$4,577
Grades 7 & 8	\$4,704	Grades 9-12	\$5,459

The categorical (block grant) amounts per ADA are as follows:

Grades K-3	\$198	Grades 4-6	\$204
Grades 7 & 8	\$149	Grades 9-12	\$189

The funding per identified educationally disadvantaged pupil is \$111 per pupil. The minimum grant amounts are \$4,901 for one to ten eligible pupils and \$7,356 for eleven or more eligible pupils.

Adult Education

The entitlement for adult education was calculated using the lesser of the 2002-2003 P-2 reported ADA or the 2001-2002 adult education ADA cap, increased by a growth factor of 2.5 percent. The 2002-2003 adult education revenue limit COLA/equalization amount was calculated pursuant to *Education Code* Section 52616.16.

ROC/P (Regional Occupational Centers/Programs)

The lesser of the revised 2001-2002 Annual reported ADA or the 2002-2003 ROC/P ADA cap was multiplied by the 2002-2003 revenue limit to establish the base funding. A 2.0 percent COLA of \$60 per ADA was added to the weighted base revenue limit to establish the 2002-2003 revenue limit.

GATE (Gifted and Talented Education)

The per-ADA funding rate for GATE was calculated by dividing the total funds appropriated for GATE in the 2002-03 Budget Act by the total prior year P-2 ADA for the eligible school districts and county offices that reported participation in GATE in the current year. The actual amount per eligible districts and county offices will be determined by calculations based on ADA. Districts with fewer than 1,500 ADA received the highest of, \$2,500 (plus COLA), the amount it received in 1998-99 (plus COLA), or funding based on the rate described above.